

Blueprint for Vietnam
(Comments on Air Operations Section)

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STAT 14 Sep 67 [] Blind Memo, Comments on Air Operations in
North Vietnam, As Given in Blueprint for Viet-Nam

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State Dept. review completed

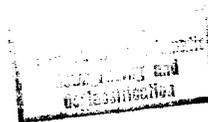
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Comments on "Air Operations" in North Vietnam
as Given in "Blueprint for North Vietnam"

The Air Operations statement is generally consistent with Washington judgments in the general sense of air operations becoming "...increasingly effective" and the fact that "...a substantial amount of equipment and large numbers of men are still moved to South Vietnam from the North." The statement is deficient and inconsistent with Washington judgments in its general tone and in its enumeration of the specific achievements of the air campaign.

The process of arriving at such an evaluation is explained by a number of factors. Foremost among these is that the evaluation reflects an obviously indiscriminate acceptance of pilot reports of destruction and damage to LOC's and transport equipment. The unanimous verdict of all observers of all air wars is that pilot reports require careful review and discounting before they can be used as a basis for operations analysis. The evaluation also falls into error and gets out of focus because it fails to measure the simple physical destruction achieved by air strikes against the known contingency plans and countermeasures effected by the enemy. In addition the evaluation fails to relate

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reported or confirmed damage to other intelligence information such as shipping intelligence and information on the large volume of military and economic support that North Vietnam receives from other Communist countries. The evaluation acquires a distinct bias resulting from a failure to present the positive results of the bombing without adequate qualification -- for example, the negation of the effects of the POL strikes by the creation of an effective dispersed storage and distribution system.

Finally, the evaluation is deficient because it is presented without measuring the extent to which the Rolling Thunder program has attained its carefully stated and limited objectives.

In brief, the subject evaluation of air operations is an incomplete recounting of selected statistical indicators of air operations^{with} relating them to other indicators and without consideration of the real impact and effects of these operations.

OD/OSR
15 September 1967

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Comments on Air Operations in North Vietnam
As Given in Blueprint for Viet-nam

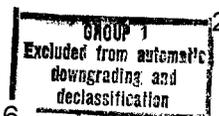
REFERENCE: Paragraph 5, Air Operations, page 7.

1. The referenced section concludes, "Air operations in North Vietnam have become increasingly effective." and, "In spite of such strikes a substantial amount of equipment and large numbers of men are still moved to South Vietnam from the North." Both statements are true, especially the latter.

2. The rest of the assessment, however, presents an overly optimistic picture of the air war in North Vietnam. The effectiveness of enemy countermeasures is ignored. No mention is made of the continuing large volume of military and economic support that North Vietnam receives from the Communist countries. Some of the statements -- especially those indicating a net reduction in rolling stock and trucking capacity -- seem based on incomplete intelligence.

3. The major fault is that the positive results of the bombing are presented without adequate qualification. The transportation system has been seriously affected by recent attacks on the Hanoi and Canal des Rapides Bridges. However, large numbers of by-pass bridges have been built throughout North Vietnam. Normal rail operations have been disrupted but photography shows that the majority of rail bridges, exclusive of the Hanoi and Viet Tri Bridges, and key rail lines and yards, remain serviceable. Losses of transportation equipment have been large but imports have made up for the losses and photography and other sources show no evidence of serious shortages. There is

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no sign of a significant decline in North Vietnam's trucking capability, neither in terms of shortages of trucks nor significantly reduced road capacities. Large POL storage areas have been destroyed but the destroyed facilities have been replaced by dispersed facilities. The destruction of power stations have brought North Vietnam's small modern industry to a standstill but essential military and economic services continued to be supplied by diesel-generators.

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BLUEPRINT FOR VIET-NAM

CHAPTER I	GENERAL ASSESSMENT
CHAPTER II	MILITARY OPERATIONS
CHAPTER III	PACIFICATION
CHAPTER IV	NATIONAL DEVELOPMENT
CHAPTER V	ECONOMICS
CHAPTER VI	PROGRESS TOWARDS DEMOCRACY
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CHAPTER I

GENERAL ASSESSMENT

Progress in the war has been steady on all fronts. We can defeat the enemy by patient, continued, and concerted effort. The way to do this is for the GVN and its allies (a) to reinforce and accelerate the progress already made; (b) to markedly improve the interdiction of infiltration of North Vietnamese troops and supplies; (c) to upgrade, accelerate, and coordinate the pacification program in the countryside; and (d) to maintain political and economic stability and support the development of the constitutional process.

There is no magic way to insure quick victory short of an unacceptable degree of risk of war with Communist China or the Soviet Union. One cannot predict when the increased pressure and the increased cost to North Viet-Nam will result in either the quiet withdrawal of their military forces from the South or their decision to enter into negotiations. However, one can say that the greater the pressure and cost to the enemy, the more likely and the sooner will one of these events transpire.

The military, pacification, political and economic programs are interrelated. The greater the progress in pacification the less will

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be the popular support for the VC/NVA, the less their prospects for a combined military-political victory, and therefore the less their capacity to justify their actions in their own Marxist terms. The greater the military progress, the more rapid and successful will be the progress in pacification. As the main force war progresses and additional territory and people are returned to GVN control, both military/paramilitary forces and civilian representatives of the governmental agencies must move into the newly pacified regions to insure their integration into the national community and to prevent a return of Viet Cong control through the infrastructure remnants or application of force by Viet Cong guerrillas. Revival of the economy will make the people in the countryside, as well as in the cities, less responsive to the VC.

We still have a long way to go. Much of the country is still in VC hands, the enemy can still shell our bases and commit acts of terrorism in the securest areas, VC units can still mount large scale attacks, most of the populace has not actively committed itself to the Government, and a VC infrastructure still exists throughout the country. Nevertheless, the situation has steadily improved since the spring of 1965. The following favorable circumstances may create a climate where increased pressure could cause the enemy to reassess his position:

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1) South Viet-Nam now has a constitution, freely elected village and hamlet officials, and the beginnings of local self government. It is on the threshold of having an elected President, Vice President, Senate and Assembly. If these elections are free and fair, and result in a combined military-civilian government, including broad elements of the national, social and political structure, they should (a) increase political stability; (b) facilitate adoption of a program of modernization and reform of the GVN and the armed forces, aimed at greater efficiency and social justice; and (c) bring into office a government which has a more widely accepted mandate and is thus in a stronger position in any negotiations with Hanoi and the NLFVC. On the negative side, the existence of a strong Assembly may make it more difficult to get U.S. policy suggestions accepted and implemented promptly, particularly where legislation is required.

2) This is becoming more and more a North Vietnamese war. Recruiting by the VC in the South is increasingly difficult and has fallen off by about half. Our military operations have made activities of VC main force and local force units, guerrillas, and the civilian infrastructure more difficult, and in many areas have resulted in scarcity of supplies and lowering of VC morale. Population movement to more secure GVN areas is further reducing VC logistical support.

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Higher VC taxes, conscription by the VC, and indiscriminate acts of terror have eroded their popular appeal. Although the VC still have a strong infrastructure, built up over the years, it has been seriously weakened in important areas and its support is increasingly based on fear and personal advantage and less on idealism and popular support. Thus, the climate for pacification is better than in the past.

3) Infiltration by sea has been slowed to a trickle. Infiltration through the DMZ should be hampered by the strong point obstacle system now under construction. Interdiction both in Laos and in North Viet-Nam and our entire bombing program in North Viet-Nam are becoming increasingly effective although substantial infiltration is continuing.

4) Although basic economic problems remain unsolved, and basic reforms in taxation, banking, and the economic structure are essential, the economy in South Viet-Nam is moving forward. The real income of the laboring classes in the city has increased and that of the farmer is now beginning to increase; inflation - while still present - is not the threat of a year ago; the Port of Saigon is operating well; other ports have been developed and road and waterway security has been improved, resulting in a significant increase in traffic.

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Now, that the initiative is ours and the enemy is beginning to hurt, maximum pressure must be maintained on him by (a) intensifying military activity in the South; (b) developing new methods of interdicting infiltration; (c) bombing all targets in the North connected with the enemy's war effort that do not result in unacceptable risk of uncontrolled escalation; (d) accelerating the program of pacification (including better security, more effective attacks on the infrastructure, stepped up National Reconciliation and Chieu Hoi programs, a greater involvement of the people in solving their own problems at the village and hamlet level); (e) encouraging reforms in the government structure and continued improvement in the armed forces; (f) attacking the problem of corruption; (g) using influence to effect a strong, freely elected government with political stability; and (h) taking actions necessary to the continued growth and stability of the economy.

Our detailed recommendations will be given with respect to each subject in the following chapters.

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CHAPTER II

MILITARY OPERATIONS

Chapter II assesses the situation, sets forth COMUSMACV's strategy for FY 68; discusses ground, naval and air operations; lists the significant actions underway to improve the effectiveness of RVNAF; and states the U.S., FWMAF and RVNAF requirements for FY 68.

1. Assessment:

The enemy appears determined to pursue his goals of dominating South Viet-Nam through a protracted military and political struggle. The military aspects of his strategy include the posing of threats with main forces in widely dispersed areas which cannot be ignored and which draw friendly strength away from critical populated areas. He still seeks to attrit U.S., FWMAF and RVNAF forces and to win tactical victories for political effect.

The enemy has managed to maintain a threatening posture in the Central Highlands and the DMZ. On the other hand, he is encountering very serious problems in the coastal lowlands where he appears unable to maintain his combat strength. To offset his losses he is employing more sophisticated weapons. He has employed artillery up to 130mm caliber in the DMZ and introduced 140mm and 122mm rockets in his arsenal countrywide.

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Several conclusions appear pertinent as a result of allied pressures:

(1) There are strong indications of growing weaknesses in the enemy's military structure, particularly in the coastal areas, but there are no signs of changed strategy or weakening of will to continue protracted war.

(2) The enemy has lost considerable coercive power over the population in the coastal lowlands.

(3) The strongest enemy forces remain in border areas.

(4) The enemy will continue to introduce new weapons with greater range and firepower.

(5) The enemy will emphasize tactics such as attacks by fire, sabotage and terrorism.

(6) As the VC effort falters the current trend toward complete NVA control of the war will accelerate.

The military offensive of the U. S., FWMA F and RVNAF forces against North Viet-Nam and Viet Cong forces in South Viet-Nam has been marked by continuing successes during the past year. Allied forces have defeated the enemy decisively in every major battle during the past year and thwarted each attempt to mount a major offensive. Forces employed primarily in a containment role have blunted the enemy's frequent transborder incursions and infiltration. The naval forces have reduced enemy infiltration by sea to a negligible amount, forcing him to rely increasingly on extended overland

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routes where he is subjected to air strikes and upon arrival in SVN must confront the ground forces deployed to block his crossborder incursions.

Allied pacification and security forces are now providing greater security for revolutionary development activities. Currently, 56 RVNAF battalions are employed in this role.

In South Viet-Nam there are 73 identified enemy base areas. Forty-one of these bases are grouped into ten priority areas in accordance with the Combined Campaign Plan (AB-142). Of the 41 priority base areas, 40.8% were considered neutralized as of the end of FY 67. Neutralization is accomplished by waging offensive operations against the base areas which result in driving the enemy from the base area and destroying his installations. However, since these base areas are in remote areas they are not normally occupied by friendly forces, although they are kept under surveillance and air or artillery attack. As a result, neutralization of a given base area is not permanent and must be re-evaluated each month.

By end June, countrywide, 91% of the militarily essential roads were partly open, compared to 62% a year ago. Of the waterways, 86% were open compared to last year's 42%.

In addition, our air operations in North Viet-Nam are becoming increasingly successful, as detailed under "Air Operations." North Viet-Nam is paying a tremendous price with little to show in return. Meanwhile, South

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Viet-Nam is making progress on several fronts. The situation is not a stalemate. We are winning slowly but steadily and the pace can accelerate if we reinforce our successes. We should step up our operations and pacification in the South, increase pressure in the North and exercise new initiatives to reduce the enemy's use of Laos and Cambodia.

2. Strategy:

The military offensive power and related resources of the U. S. , FWMAF and RVNAF, will be applied to priority areas considered critical to successful accomplishment of the overall mission. Forces will be deployed in three inter-dependent roles: first, containment or anti-invasion forces will operate along the DMZ and opposite the enemy's Cambodian and Laotian sanctuaries to prevent major incursions into South Viet-Nam. Second, offensive forces will maintain sustained and unrelenting pressure on VC/NVA forces and main base areas in SVN. Third, forces will be committed behind the protective shield of containment and offensive forces to support the GVN pacification program.

The thrust of our FY 68 strategy is to improve and intensify our present posture of containing enemy main force units in the DMZ and border areas, searching out and destroying his forces and base areas within SVN and interdicting his infiltration of men and supplies by ground, sea and air operations. The opening and securing of roads, railroads and waterways must be done as a matter of priority to facilitate the movement of people and commodities,

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thus strengthening the economy, reducing inflation, denying tax resources to the enemy and enhancing the security of the countryside. Our overall strategy can be interpreted as one of applying such pressure on the enemy as necessary to destroy his will to continue his aggression. He must be convinced that victory is impossible and that time is not on his side. This strategy will succeed provided we step up the pressure by reinforcing our mounting successes.

3. Ground Operations:

The mission of the ground forces is to achieve the objective of defeating the VC/NVA in SVN; extending GVN control; and weakening the will of the NVN political leadership to continue the war. To accomplish this mission there were 85 U.S., 23 FWMAF and 154 RVNAF maneuver battalions with associated combat and combat service support in the ground forces at end FY 67.

Ground operations throughout SVN will be intensified to maintain the initiative in all areas. Containment forces in I Corps and II Corps will block major routes of infiltration from NVN, Laos, and Cambodia. In all Corps areas, US/FWMAF/RVNAF units will be integrated into combined operations to seek out and destroy enemy main forces and base areas. Pacification and security programs will be emphasized. Military forces will secure populated areas, clear and secure LOCs and provide security for the pacification effort.

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4. Naval Operations:

COMNAVFORV will intensify three principal operations: MARKET TIME (operation along entire coast against infiltration of supplies by sea), GAME WARDEN (operation targeted against enemy movement of men and materiel on inland waterways), and the MEKONG DELTA MOBILE RIVERINE FORCE (supporting Army combat troops as a mobile afloat base with assault craft for fire support and blocking operations). These in-country operations are closely coordinated with those of the Vietnamese Navy.

The war in the Mekong Delta is different from that in the rest of the country. The land is flat, heavily populated, and the enemy consists of VC main force and guerrilla units, but not NVA units. The land is interlaced with a myriad of streams and canals; water is the principal mode of transportation; in effect the land is a series of islands -- some entirely surrounded by wide, deep water and others by more narrow and shallow streams. This is ideal terrain for the use of river assault boats in conjunction with land forces and armed helicopters.

The present patrol craft (GAME WARDEN) currently operate on the large rivers in conjunction with armed helicopters to interdict enemy movement of men and materials, and have been successful in reducing enemy tax collections along the streams. As a matter of priority, COMUSMACV has requested additional boats to interdict enemy operations on all major

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streams, and to clear and pacify islands in the middle of these major streams, thus taking maximum advantage of water as a natural barrier to enemy interruption of pacification.

The present assault craft (Mobile Riverine Force) act to transport quickly and silently Army units, add firepower to operations, and by blocking operations, take advantage of the water as a natural barrier to facilitate surrounding and destroying the enemy. They can operate effectively in shallow, narrow streams and canals. Additional boats will be employed in conjunction with available ground forces.

5. Air Operations:

Air forces will continue to provide maximum close air support to U. S., FWMAF and RVNAF.

In addition, the Seventh Air Force and Task Force Seventy-Seven will continue ROLLING THUNDER operations in North Viet-Nam.

Air operations in North Viet-Nam have become increasingly effective. They have resulted in reduction in NVN rail transportation capability, more continuous interdiction of key bridges on through rail lines (particularly the NE rail line from Hanoi to China), a net reduction in rail rolling stock, a reduction in NVN trucking capability, a reduction in NVN air order of battle, and destruction of a major portion of NVN petroleum products, storage and electric power generating capacity. The increased effectiveness of our air strikes is also evidenced by a growing reluctance of MIG's to challenge us

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in air-to-air combat, a reduction in our bomb jettison rate, a reduction in the use and effectiveness of NVN surface-to-air missiles, a reduction in intensity and effectiveness of AA fire over North Viet-Nam and a reduction in our rate of planes lost per 1000 sorties.

The principal reasons for our increased success are (a) increased number of air crews, number of sorties and number of permitted targets; (b) increased use of CBU-24 for flak suppression, permitting higher ratio of bombers to flak suppressors and reducing AA fire intensity; and (c) introduction of QRC-160-POD, reducing SAM threat and thus permitting bombing with better tactics at higher altitudes thus reducing danger of AA fire.

In spite of such airstrikes a substantial amount of equipment and large numbers of men are still moved into South Viet-Nam from the North.

We recommend intensification of our bombing efforts and destruction of all targets that can be hit without unacceptable risk of extending the war to Soviet Russia or Communist China.

6. Improvement of RVNAF:

From 1964 through 1966 RVNAF strength increased over 50% (from 390,000 to 620,000). These years were years of quantitative growth, whereas FY 67 has been a year of qualitative improvement. Many actions have been taken to reduce the problems that developed during the preceding years. The more important of these are: (a) Command leadership and personnel

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effectiveness programs -- promotions, battlefield and direct commissions have increased; (b) motivation and morale programs established to include ration improvement and an increase in housing; (c) Regional Forces/Popular Forces command structure is being expanded and improved, particularly at sector and subsector level; (d) RVNAF School System -- The VNMA and C&GSC courses were revised and the faculties and advisory efforts strengthened; (e) RVNAF Operations -- several steps have been taken to increase combat effectiveness; day and night ambushes are being stressed, the number of RVNAF units held in reserve has been reduced considerably and greater utilization is being made of the general reserve units.

Some indicators of success comparing 1st quarters of 1966 and 1967 are (a) desertions have dropped by two-thirds; (b) missing in action has dropped by one-half; (c) the ratio of weapons lost has reversed, with RVNAF losing 2850 and capturing 1400 in 1st quarter of 1966 versus 2050 lost and 4425 captured in 1st quarter in 1967; (d) the number of large unit operations with contact with the enemy has increased from 360 contacts in 820 operations to 380 contacts in 760 operations; and (e) contacts per small unit operation have risen by 30 percent.

Perhaps the principal cause of increased RVNAF effectiveness is increased use of RVNAF in integrated operations with U. S. troops, supported by U. S. air and artillery. These integrated operations will continue and increase in scope.

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The best way to quickly increase the effectiveness of RF and PF is by introduction of U. S. advisory groups, operating with RF and PF as detailed in Chapter III, paragraph 2. Use of additional advisors in this role is of top priority.

An increase in the U. S. advisor requirements has been recognized and included in the recently proposed U. S. force structure. This increase in U. S. advisor requirements is required to strengthen the leadership potential of the RVNAF unit leaders of those units currently not authorized advisors and for new units to be organized and deployed to perform pacification related duties.

7. Laos and Cambodia:

This is becoming more and more a North Vietnamese war. North Vietnamese infiltration is continuing at a high rate, perhaps higher than in 1966 when it was estimated to be as great as 6,500 per month. Substantial North Vietnamese replacements have been found in Viet Cong units in I, II and III Corps tactical zones.

Viet Cong recruitment in the South, on the other hand, is increasingly difficult. It is now estimated that by May of this year his recruitment rate may have dropped as much as fifty percent from last year's 7,000 per month. There is increasing popular resistance to the Viet Cong demands for recruits, food and taxes.

Infiltration of men and supplies by sea has been slowed significantly and the overwhelmingly predominant routes are through Laos with its Cambodian

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extension, and across the DMZ. The willingness of the enemy to press their infiltration of men and materials under the extremely hazardous conditions imposed by the air campaign indicates the importance of this resupply source in their overall plan.

The air campaign has made enemy infiltration costly, especially in terms of materiel destroyed. This is confirmed by POW and rallier reports and by visual sightings of materiel destroyed. However, significant quantities of men and materiel are still getting through. This includes such new weapons as the long-range rockets used to attack friendly air bases.

Accordingly, the Mission considers it essential that every acceptable action be taken to stem the flow of men and supplies into SVN, including operations in Laos and Cambodia. We recognize that there are many problems, especially political, in connection with such operations. The U.S. is a signatory of the 1962 Geneva Agreements. The government of Laos exercises rather tenuous control over many parts of the country. On the other hand, the North Viet-Nam Government is also a signatory to the Geneva Agreements, and its forces have been in Laos long before and since the signing of the Agreements. It is now using Laos as the main route for infiltration into South Viet-Nam. It is logical and reasonable that South Vietnamese troops should oppose and combat North Vietnamese offensive action by whatever methods can be devised to prevent the continued invasion of

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their country. The Mission recommends that the necessary guarantees be given to the Laotian Government by the GVN, and underwritten by the U. S., that Vietnamese troops on Laos Territory are for defensive purposes only and will be withdrawn immediately when peace is secured.

The North Vietnamese reaction to the above programs, if highly successful, would be to try to increase the use of Cambodia, including the port of Sihanoukville. It is possible that our action to block infiltration through Laos, signalling possible future action in Cambodia, would so worry Sihanouk that he would resist expanded use of Cambodian territory. It is possible, on the other hand, that Sihanouk would bend completely to Communist pressure and permit extensive use of the Cambodian approach. It is becoming increasingly important that we prepare to take the necessary steps to stop, or at least to impede, increased infiltration through Cambodia. Intensive study must be initiated now of ways and means to preclude support of the enemy in South Viet-Nam from Cambodia, with particular attention to the flow of supplies via Sihanoukville and the Mekong. The Embassy recommends that we begin now to disseminate through both diplomatic and public channels evidence of the VC/NVA use of Cambodian territory as a means of exerting pressure on Sihanouk and preparing the ground for action we may decide to take later.

8. Requirements:

The authorized program strengths of US/FWMAF/RVNAF forces at end FY 67 have provided the forces necessary to allow us to gain the strategic

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initiative in most areas. However, this force structure has not permitted sustained offensive operations against VC/NVA main forces because of competing requirements for containment forces, offensive operations and pacification and security forces. Because of these competing requirements, MACV has been unable to mass the forces necessary to penetrate, neutralize and secure enemy base areas and complexes.

During FY 68, additive U. S. force requirements have been recommended by COMUSMACV. This requirement consists of 2 1/3 divisions (21 maneuver battalions); five tactical fighter squadrons; three APB (barracks ships) and two RAS (River Assault Squadrons).

Additive FWMAF forces desired during FY 68 consist of a Korean division, three Thailand battalions, two Australian battalions, one New Zealand battalion and an additional PHILCAG.

An increase of approximately 64,000 in RVNAF is required in FY 68. This would provide for one brigade equivalent and associated artillery (14,000 men in ARVN) as well as a significant increase of Regional Force/Popular Force units (50,000 men) which are essential to support pacification and security as vital populated areas are cleared.

In addition, 2243 U. S. Advisors are required as further detailed in Chapter III, paragraph 2.

The U. S. Mission agrees completely with the desirability of meeting these MACV requirements.

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CHAPTER III
PACIFICATION

I. General

Pacification, or the extension of GVN control in the countryside and the cementing of the allegiance of the people to the government, is a program that must be accomplished by the GVN, and the U.S. role is to advise, influence, support and supplement that program.

Pacification cannot succeed except in a climate of military initiative and with a well conceived program backed up by ample resources and given appropriate priority and support at all levels of the GVN.

For the first time we have a pacification program so conceived, and operating with such resources and support. The foundation for this program was laid in 1966--when we first clearly had the necessary military initiative--and has been strengthened in 1967. It has many faults, but it represents substantial progress and offers more hope than anything we have had in the past.

The placing of the U.S. advisory effort under General Westmoreland with Robert Komer as his Deputy for Pacification was a necessary step toward improving the pacification program. The newly integrated military-civilian CCRDS organization has been well designed, is generally accepted by both U.S. military and civilians and the GVN, and is functioning more smoothly

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at an earlier date than most would have predicted.

To improve pacification the most immediate requirements are (a) better security, (b) more intensified attack on the VC infrastructure, and (c) greater attention to hamlets not having Revolutionary Development teams, coupled with an effort in these hamlets to involve the people in community affairs and in restructuring of the GVN to permit resources to be quickly available locally to meet the people's self-determined needs. In addition, we need (a) improved Chieu Hoi and National Reconciliation programs, (b) continued expansion of RD teams and use of substitute techniques such as the civil/military (C/M) teams, (c) expanded care and resettlement of refugees, (d) a more effective GVN, involving better officials, a marked reduction in corruption, wider appreciation of pacification priority at all levels, and (e) development and use of US leverage to achieve our pacification objectives.

The MACV-CORDS organization has designed "PROJECT TAKEOFF" which Ambassador Bunker has heartily endorsed. This operation presents priority action programs for pacification designed to address the areas mentioned above. So far, TAKEOFF is made up of eight action programs: (a) improve 1968 pacification planning; (b) accelerate Chieu Hoi; (c) mount new coordinated attack on VC infrastructure; (d) expand and supplement RD team effort, employing locally formed and trained civil/military teams; (e) increase refugee handling capability; (f) revamp National Police and Police Field Forces; and (g) press land reform.

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PROJECT TAKEOFF is being rapidly implemented within the US organization, but the crucial factor, motivating the GVN, is just beginning and cannot be fully attacked until the newly elected Government has been established.

2. Security

Sustained and credible territorial security - both day and night - is the first requisite of pacification. Area security for pacification must be provided primarily by GVN Armed Forces.

The GVN has implemented its Manila commitment to apply the bulk of RVNAF strength in support of pacification. Of the 120 infantry battalions in ARVN, 55 battalions are in direct support of RD and 27 additional battalions support the pacification effort in such tasks as securing lines of communication, population centers (including District and Province capitals) and economic resources. Additional battalions are to be committed to RD support. There are 855 RF companies and 4040 PF platoons organized, of which 207 RF companies and 736 PF platoons are in direct support of RD. In addition, there are 474 RF companies and 2476 PF platoons also supporting pacification with the same missions as the 27 ARVN battalions mentioned above. During FY-68 an additional 99 RF companies and 446 PF platoons are scheduled to be organized and placed in support of pacification. The ARVN and RF/PF units not in support of pacification have other assigned missions such as the search and destroy operations conducted by ARVN and security of military installations provided by RF/PF.

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Several ways to improve the effectiveness of pacification security forces, other than enlargement of those forces, are as follows:

(a) Reorient the concept of "Revolutionary Development support." Many units in support of Revolutionary Development consider "direct support of RD" to mean static, close in security for hamlets in which RD teams are operating. This concept is wrong. The concept which must be adopted, and which MACV is pushing at this moment is one of active area security. Under this concept, PF forces must provide local hamlet and village security through ambushes, day and night patrols, and other anti-guerrilla tactics, targeted primarily against the VC hamlet squad and village platoons. The RF must provide area security between hamlets and for villages, employing similar tactics, primarily targeted against the VC village platoons and district companies, and supporting and reinforcing PF. The ARVN regular units should generally furnish territorial security for larger areas, participate actively in local and area security, provide quick reaction forces, and conduct provincial search and destroy operations targeted against VC provincial battalions and against VC/NVA main force units when required.

(b) Give operational control of all pacification forces in the province to the province chief as detailed in Chapter IV, paragraph 8.

(c) Improve the quality of security forces, particularly RF and PF. Steps which MACV has taken to this end are described in Chapter II Military Operations. The measure which will have the greatest immediate

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impact is greater US support and influence. Various measures for integrating US forces with Vietnamese forces, including RF and PF, have been tried, and all have improved operations. One measure which MACV recommends for the RF on a nationwide basis, and which the Mission supports, is the use of teams of US advisors who will operate with RF units for a period of six months, training them, accompanying them on operations, developing leadership, and then moving on to other units. Advisors will not be in direct command but the unit commander would be required to accept their advice. MACV has requested new advisors for such purpose to supplement the existing advisors. This request should be approved and implemented on a priority basis. The exact number required and how each will be used will be forthcoming from MACV shortly.

The quality of advisors currently with RVNAF combat units is considered high. A major problem is the retention of experienced advisors beyond their normal tour of duty. We must explore the use of special incentives to encourage the voluntary extension of good battalion and company advisors as well as to induce tactical unit officers of proven ability currently in Viet-Nam to accept extension of second assignments as advisors.

3. Infrastructure

The VC infrastructure, the shadow government which directs and supports the military organization, remains a formidable organization throughout much of the country. The military forces make valuable contributions to

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the attack against the infrastructure and joint military police operations have been effective; but eliminating the infrastructure is basically an intelligence-police function.

The attack on the infrastructure has three phases: (a) identification; (b) destruction, capture or neutralization; and (c) isolation from the population by detention.

On July 9, 1967, the Intelligence Coordination and Exploitation for Attack on VC Infrastructure (ICEX) organization was established under Bob Komer. ICEX is a US joint civil/military structure organized from national to district level and designed to coordinate and intensify the US advisory role and US/GVN operations against the infrastructure. A skeleton staff has been assembled and organization is well along.

Insofar as identifying the infrastructure is concerned, the most fruitful method of improvement at the operational level is expansion of the number of US/GVN District Operations and Intelligence Centers and Provincial Interrogation Centers, thereby improving coordination of existing intelligence and its rapid exploitation. At the present time, ten joint US/GVN District Operations and Intelligence Coordinating Centers are functioning, and an estimated 70 will be established by the end of 1967. Thirty-five Provincial Interrogation Centers are now operating, and six more are planned.

Identification of the infrastructure also requires sources of information located within villages and hamlets. The best source at the present time is

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the Census Grievance program, which is one of the most successful programs in Viet-Nam. Census Grievance workers question all hamlet residents about their grievances and also about the VC. Inasmuch as the law requires all people to talk to Census Grievance workers, the VC have no way of knowing which villagers informed on them.

Insofar as capturing the infrastructure is concerned, the most fruitful method of improvement is increased police and more specific targeting of the police on the infrastructure.

As a result of a PROJECT TAKEOFF action program, the National Police are being increased from 66,000 to 74,000 in 1967; the goal through 1967 is 102,000. Within the police, the Special Branch

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plays the primary role against the VC infrastructure. Total Special Branch strength outside of Saigon is about 6,700. To provide adequate coverage of pacified and contested areas, the Special Branch strength should be substantially increased within the next three to five years. To increase our effectiveness in apprehending the infrastructure, the Police Field Forces are being retargeted specifically toward the infrastructure and, working closely with the Special Branch, will serve as a primary exploitation force of the intelligence community against the infrastructure. Their numbers are being increased in 1967 from 10,000 to 15,000 (one-half of the total projected increase of the National Police). In addition, police basic,

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advanced and field force training facilities are being increased. To improve control over the population, the police will begin issuing new I. D. cards in September, but the issuance will not be complete before the end of 1970.

The current primary US controlled action arm against the infrastructure consists of the highly successful Provincial Reconnaissance Units [redacted] 25X1

25X1 [redacted] In general the PRU's are highly trained, well motivated units which collect intelligence through patrolling and clandestine means and attack the infrastructure by destruction or capturing. They operate primarily at night. In the six-month period ending April 1967, the PRU's killed 1,605 VC and captured 814, for a 2,419 total. In June 1967, they killed or captured 548. PRU strength is now 3,800 and will be increased to 6,000.

Another action which would have significant impact on the infrastructure is the provision of adequate, efficient detention facilities and a judicial system which quickly tries VC and sentences them to longer prison terms. Infrastructure cadre are civil offenders, as opposed to PW who must be detained separately under the Geneva Convention. Prison capacity in South Viet-Nam is 20,400, but there are now over 35,000 prisoners and detainees. Some detained VC are released almost immediately for lack of facilities. In addition, some Province Chiefs attempt to control known infrastructure cadre by parole-type arrangements, at least partly because

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of the lack of prison facilities. Insecure prisons allow too many VC to escape or bribe their way free.

The judicial system is slow, cumbersome, and results in short term sentences ranging from six months to two years. During the judiciary process, suspects may be released on orders of the investigating magistrate or the Province Chief. Where dishonest officials exist, the VC secure the release of infrastructure members by bribes. In some provinces these conditions have caused conscientious commanders to shoot VC whom they have captured two or three times previously.

These deficiencies in the prison and judicial systems discourage efforts of conscientious officials in identifying and apprehending the infrastructure.

A high priority PROJECT TAKEOFF action program is being designed to provide secure screening and detention facilities and prisons where VC can be segregated from regular civil defendants and immediately tried. In addition, prisons to permanently hold convicted VC should be constructed on islands such as Phu Quoc, where POW camps are now under construction. If necessary we must use US Army engineer or Navy Seabee units for construction. We must also give priority attention and major effort to bringing about GVN judicial reforms, and legislation, if necessary, aimed at expeditious trials and sentencing of captured VC to long term prison sentences. Probably the most effective method will be to try suspected

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VC by military court, with military judges stationed in each detention center.

In addition to the obvious benefits of removing the convicted from the VC structure indefinitely, long sentences should encourage VC cadre to defect under the Chieu Hoi program rather than risk capture. Prisoners might be permitted to turn Chieu Hoi by showing their good faith in fingering other members of the infrastructure.

25X1 [redacted] the VC infrastructure is plagued by increased hardships, lowered morale, and increasing antagonism of the people; so the climate is better than ever before for a stepped-up attack on the infrastructure.

4. Chieu Hoi

The Chieu Hoi program by August 4, had returned more people (20,398) than in all of 1966. The goal for this year is to bring in 45,000 returnees. An expanded Chieu Hoi action program is planned under PROJECT TAKEOFF. Although marked improvement has been made in gaining acceptance of the program, GVN support is still not strong at all levels. Due to the problem of GVN acceptance of returnees, the Hoi Chanh continue to be a source of manpower that is under-exploited, although use of Hoi Chanh is improving. Extensive studies have been made on reasons for rallying, and Chieu Hoi propaganda is being pretested with Hoi Chanh before use. Chieu Hoi

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centers are being expanded and improved, although programs to occupy time of Hoi Chanh in centers are still inadequate. Greatest needs are (a) intensified GVN attention to employment of Hoi Chanh, particularly in military and paramilitary pursuits; (b) additional concentration on using families of VC (including refugees) to bring in returnees; (c) study of method of reward to families or others for bringing in ralliers, such as was used in Malaya; (d) complete interrogation and publication of all ralliers, and immediate exploitation of useful ralliers, presently hampered by shortage of interrogation and qualified psywar personnel and resources at the local levels; and (e) a system for keeping track of ralliers after they leave Chieu Hoi centers.

5. Refugees

New refugees are arriving approximately in line with projected rates. Approximately 500,000 are expected, of which 267,309 had arrived by July 31. An expanded Refugee action program is planned under PROJECT TAKEOFF. Approximately 170,000 refugees have been returned to their homes or resettled this year. This is running ahead of schedule. Vocational training is also running ahead of schedule. The program continues to experience problems of poor GVN logistic support, lack of secure resettlement sites, poor coordination, operational ineffectiveness, and insufficient GVN concern and motivation. Refugees are a largely untapped source of manpower and are available for exploitation if age, skills, and

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location problems can be overcome through vocational training and resettlement.

6. Psywar

Psychological operations that support or exploit pacification have met with varied success. Psyops in support of Chieu Hoi have been very successful. The RD and RD-related programs have not been adequately supported by either the US or GVN.

Increasingly our psywar programs are being pretested by Hoi Chanh.

Psyops should increasingly focus on such means of mass communication as TV and radio.

7. Development of Countryside

Development programs in the countryside have as their objective the extension and consolidation of GVN control by involving the people in improving their life.

Such programs can succeed only if (a) there is an adequate degree of continuous security and (b) the villagers themselves become involved in the political and economic development of their community, and in the selection and implementation of community projects in cooperation with a GVN promptly responsive to the requirements of the villagers with resources and technical help.

Conceptually, hamlets where extension of GVN presence is feasible can be said to fall into three general categories: (a) those where

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Revolutionary Development or Highlander teams are operating; (b) those where military successes make introduction of Revolutionary Development teams feasible, but none are available; and (c) those hamlets where RD teams have already worked, or those having already had elections and considered sufficiently secure that introduction of Revolutionary Development teams or their equivalent is not necessary. Naturally, actual distinction among these three categories for any given hamlet would change with time and the local situation.

In the countryside, a large part of GVN attention and resources at the present time are being devoted to the "Revolutionary Development" program, which operates under the Ministry of Revolutionary Development, and which is applicable primarily to hamlets in which RD teams are operating. There are presently 465 RD teams, containing 29,164 cadre (RD workers) operating in 465 hamlets. This is expected to rise to 600 by the end of 1967 and to 770 by the end of 1968. In addition, there are 119 Trong Son (Highlander) teams currently operating under the auspices of the GVN Commissariat for Highlander Affairs.

The RD portion of the pacification program is a good one, well led at the top, and with a promising, well led training school for cadre at Vung Tau. All activities in the RD hamlets (agriculture, education, health, etc.) and all resources allocated to these hamlets are under the control of the Revolutionary Development Ministry, and an excellent system has

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been designed for funding integrated programs at the provincial level, thus making resources available quickly where they are needed. That the program is dangerous to the VC is evident from the fact that the VC have made disruption of the program and assassination of RD workers one of their principal goals. VC disruption activities have slowed recruitment and increased the desertion rate (although this rate, reaching a high of 1.95 percent in May, was reduced to 1.64 percent in June and will be again reduced in July. The annual rate is running between 16.8 percent and 17.4 percent.)

The teams are spotty, their quality depending primarily on team leadership, and the degree of supervision and cooperation by Province or District Chiefs. It is perhaps appropriate that (a) team leaders be selected at Vung Tau School by the faculty from among the most promising members, instead of in most cases being chosen by Province and District Chiefs, in advance of training; and (b) Province and District Chiefs be required to visit teams periodically, to exercise supervision, and to extend cooperation.

There are areas where the security situation has improved affording opportunities for which RD teams have not been planned. In one such area the facsimile of an RD team was composed of a platoon of Popular Forces and local civil officials. Although these teams are not expected to do all an RD team does, the approach worked to maintain momentum and GVN

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presence and is thought applicable to other areas, depending in large measure on the availability of PF and the strength of local leadership. Other field expedients are being tried in other areas to take advantage of opportunities to enter hamlets even though RD teams are not immediately available.

All these activities, plus the opening of lines and waterways, relief of pressure from VC Main Force Units through successes in the Main Force offensive, increased prosperity in the countryside through economic policies and increased agricultural production, and improved psyops have a major effect on the pace of pacification. It may well be unnecessary to have an RD team work for six months in every contested hamlet, if these other aspects of pacification achieve real momentum.

Nonetheless, the hamlets in which RD teams or their equivalent are working constitute only about 10 percent of all secure and contested hamlets. As each RD team is programmed to "pacify" only two hamlets per year, it is evident that even with the substantial increase in RD and comparable teams planned, the rate at which these teams gain ground will be modest. Under PROJECT TAKEOFF, a number of ways to increase the pace of the RD program, and pacification in general, are being considered, including the increased use of PF in RD work. The effectiveness of RD follow-on programs will also have an impact on the rate at which the RD program itself moves.

Some hamlets have slipped back from a secure to an insecure status because of lack of adequate attention. The RD program initiates local political and economic development, but the follow-on programs must effectively build on the foundation for further development laid by the RD program, or regression can set in.

The principal problem in the third category, (hamlets where RD teams have left or where none are considered necessary) is that there is no integrated program. Each national ministry -- education, health, public works, agriculture--has its own program, not integrated at the province or district level, and so encumbered by bureaucratic red tape that it is almost impossible to accomplish any integrated program in the countryside. Furthermore, as all programs originate at the top, little reaches the village and hamlet and that which does is not responsive to the expressed desires of the people, and the people do not become involved in the development of their own communities.

The recent election of village and hamlet officials fixes the responsibility for community development and local government on specific individuals, thus providing a framework for involvement of the people themselves in numerous community committees for their own development. A new program has been designed to do this, called Rural Development.

8. Rural Development

The primary purpose of the Rural Development Program is to involve

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the villagers in improving their own economic and social life in cooperation with the Government. The participation of the villagers will be through their elected village and hamlet officials, and through sub-committees established by those officials, including as many villagers as possible, to attack separate problems such as agriculture, fisheries, animal husbandry, irrigation, public works, education, health, etc. The participation of the Government will be the suggesting of programs to improve village life, the furnishing of technicians from the province and district to work with the villagers and their officials, and the furnishing of resources to accomplish village projects, the villagers themselves furnishing the labor.

The key to success of the program is that the villagers themselves determine their wants and priorities, and that the Government be responsive to those wants and priorities with technical help and resources. At present, village needs are determined at Saigon by numerous ministries without coordination and without consideration of the fact that needs and priorities vary from village to village.

To enable the Government to be responsive to the needs of the villagers, the Government structure must be reorganized so that resources are held at the province or district level for quick responsiveness and with ample flexibility. This is further discussed in Chapter IV.

Of course the Government at the national level will initiate certain programs, responsive to the economic policy measures discussed in

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Chapter V below, which will be carried out at the local level. Particularly important will be programs designed to improve the rural economy, such as increase of agricultural production, improved movement of goods to market, improved rural distribution system, etc. But flexibility must be maintained at the local level, resources must be readily available at the local level, coordination of programs must be handled at the local level, and the villagers must be stimulated to want the programs, rather than the programs being forced on the villagers. Government representatives dealing with village leaders must present the programs as responses to village desire for improved production, distribution, etc., rather than as Government programs to be carried out by the villagers, regardless of their desires.

To make the rural development program effective will require:

- A greater concentration of US and GVN technical personnel and resources, with a concurrent reduction or elimination of low priority activities, to assure adequate backstopping for the program.
- A movement towards greater autonomy at provincial, district and local levels in such matters as land affairs, education, and utilities and including measures to provide additional financial resources and authority to the villages.
- Effective action to improve land policies, including for example the

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levying of a special tax on rents earned by absentee landlords,
establishment of a local land tribunal with authority to enforce existing
legislation, etc.

- Improved rural credit facilities and local organization providing services for the farmer.
- Special training programs and technical assistance for local government officials.
- Financial and technical resources for road improvements, small irrigation projects and various high priority, small-scale infrastructure.
- An increase in quantity and quality of farmer organizations.

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CHAPTER IV

NATIONAL DEVELOPMENT - NATION BUILDING POLICIES AND PROGRAMS

1. General

While peace can be attained only by securing and developing the countryside, there are also other development programs on which depend both the urgent rural development programs and the maintenance of a permanent peace. Closely tied to rural development, for example, is the land tenure problem and the need for its rationalization. The urban growth problems of the cities, especially Saigon, must also be faced both to permit and accelerate industrial and business development and to defend against the dangers of disaffection through unemployment and sub-standard living conditions.

Then, there are the national programs on whose foundations and support the pacification and rural development programs depend and which also offer, with economic growth, the main hope for a lasting peace and national strength. The principal programs in this category are those of building the nation's school system, the national systems of agricultural credit, extension and research, the medical care and preventive public health programs, and the programs to improve the quality and efficiency of public management at the central, provincial and district levels.

It is of course important that the specifics of each program be designed to accomplish primarily our war-related objectives, and that scarce resources be allocated with this in mind.

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2. Agricultural Development

Agricultural development in developed and relatively developed economies comes about principally through sound economic policies relating to prices, marketing, transport, etc. In underdeveloped economies like Viet-Nam's where the essential agricultural institutions are still weak, or yet to be created, it is important, in addition to providing production incentives through sound policies, to develop these needed institutions. The GVN and the United States are now renewing and strengthening their joint efforts to bring about the rapid development of:

(a) Agricultural Extension services for crop production, animal husbandry, farm management, plant protection, etc.

(b) A research program emphasizing improved varieties of rice, in cooperation with the International Rice Research Institute at Los Banos.

(c) The Agricultural Development Bank, the principal agency for agricultural credit which serves individual farmers both directly and through cooperatives and farmers' associations. This Bank is less than a year old.

(d) Agricultural Cooperatives and Farmers' Associations. The basic organizational units are in the villages and these are being developed in conjunction with the new village democratic political institutions. Also being developed are district, provincial, and national associations of cooperatives and farmers' associations so as to form national networks of

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cooperating local institutions. These national networks are being looked to as important agencies for the administrations of crop and longer-term credit and for certain marketing functions such as the sale of fertilizer to their members. These institutions also have another value of perhaps equal or greater importance in Viet-Nam today - they provide an opportunity for all of the people in the countryside to participate personally in their own self-development through their own private organizations yet in a partnership with their government - thus fostering mutual identification and support.

3. Public Health and Medical Care

The war has put Viet-Nam's institutions for preventive public health programs and for medical care under very heavy pressures. The incidence of war and guerrilla-related injuries has increased patient loads in most hospitals and the loss of trained personnel due to the draft and to inadequate salaries has crippled the Ministry's agencies for preventive public health services particularly at district and village levels and in urban areas.

With the massive help of the U. S. and other Free World nations, however, these systems have met the basic demands on them.

Now the time has come to begin building an improved Vietnamese public health and medical care program emphasizing increasing utilization of Vietnamese personnel and resources. With the help of the Medical Appraisal Team, a development program is being formulated having the following principal features:

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(a) A new emphasis, as a matter of highest priority, on preventive public health activity. In this connection, a contract for technical assistance with a major U. S. state university system is being considered.

(b) Continued top priority attention to the care of civilian war casualties, in a context, however, of improving care for all civilian patients.

(c) A campaign to secure for the field of public health a higher priority rating in national manpower allocations. This applies to the draft and to the use of drafted medical personnel who tend to be under-utilized by the military, relative to the civilian health agencies.

(d) Selective increases in salary levels particularly for personnel serving at the district level and in rural areas generally.

(e) An expanded and intensified in-service training program.

(f) An expanded and intensified medical, para-medical and public health education program, both to supply personnel to the public agencies of the GVN and rapidly to expand the private practice of medicine and related activities. This will relieve some of the crushing load on public facilities, and provides as well a desirable emphasis on development of the private sector.

4. Education

Educational development in Viet-Nam is important for all the usual reasons and for at least two additional reasons that are especially pertinent

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to the Vietnamese situation today. First, the right kind of educational development can both help to mitigate current skilled manpower shortages in the short run and can provide the principal solutions for national manpower problems in the long term. While simple expansion of the present Vietnamese educational system would probably fail to do either, a program is being developed, with U.S. assistance, that is aimed precisely at the kinds of reform, reorganization and development that will enable the educational system to play a positive role in national socio-economic development.

Second, the right kind of educational program in the rural village schools can be a very important, perhaps decisive, factor in whether or not the village democracies succeed -- politically and as agencies of local economic development.

The elementary education programs in rural areas, as they stand today, including the hamlet schools in the Ap Doi Moi, are probably not yet making much of a contribution to these ends. Some say that they are in fact counter-productive because the present classical, literary curriculum still reflects and perpetuates values in the old colonial culture that inhibit democratic self-development, growth and change. However, here again, a program of reform and development is being formulated aimed at making rural education relevant to the needs and the opportunities of Viet-Nam's villages today.

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With the assistance of several teams of experts made available by Wisconsin State University and Florida State University, the U. S. has been helping the Ministry of Education and Viet-Nam's educators and educational institutions to devise the kinds of new programs referred to above in the fields of:

- (a) higher education in general;
- (b) engineering education;
- (c) higher agricultural education; and
- (d) technical education at the secondary level.

These programs reflect a concerted effort to emphasize technical and professional education at all levels, at the expense, at this stage in time, of the more academic subjects and pursuits.

Finally, a special study team from Wisconsin State University is in Viet-Nam now, working with the Directorate General of elementary education and of adult education on a program to recreate the elementary school program in the rural village as:

- (a) one to train young future farmers and self-governing citizens in the subjects that bear on their being successful farmers and citizens; and
- (b) an evening center for adult education emphasizing these same practical subjects with a particular concern for helping the adult villagers of today learn how to deal with the early problems of starting and operating their new village political and economic institutions.

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5. Land Reform

Land reform is just as important to development as to pacification. A program to bring about more equitable land tenure arrangements is necessary both to deny to the VC the propaganda advantage of having a more favorable land policy image, and to aid democratic rural and agricultural development. The first requirement is to enforce existing decrees, particularly those providing maximum rentals of 15-25 percent of the crop and those exempting tenants from paying rentals on land during periods of VC control. In addition, new decrees or laws should be considered, establishing the following:

(a) Village Land and Agricultural Committees with substantial powers to adjudicate land tenure issues.

(b) Transfer authority to enforce Ordinance 2 and related ordinances (rental of land) to the newly elected village administrative bodies.

(c) Promotion of the voluntary sale of land to tenants through a graduated land tax, abolishing of the land transfer tax, and encouraging alternate investment by large land-holders in industry and business.

(d) Possible expropriation, with compensation, of all lands in VC controlled areas.

6. Improving Public Management

During the past year the GVN, with U. S. assistance, has undertaken a two-phased approach to the improvement of administration and the

development of responsible and responsive government. A major effort is underway to support self-government at the village level. Extensive activities are being undertaken within the national government to increase the services to the people and to mobilize and direct the resources of the government.

Within the national government the Prime Minister's Committee for Administrative Improvement has been undertaking a series of efforts directed towards modernization of administration. Studies and implementation of their recommendations have covered improvement of the organization and operation of the Prime Minister's Office; effecting a system of program budgeting, expanding the collection and processing of economic and social statistical data, introducing modern personnel management and national planning. In addition, a major expansion has occurred in the National Institute of Administration whereby 160 new officers are being added to the government's service each year. This body of generalist administrators trained by NIA now exceeds 700 officers, distributed throughout the national government and province and district administration. They constitute a backbone for the modernization of the national government. Concurrently there have been sub-committees for administrative improvement formed in each of the ministries and major agencies of the national government, the purpose of which is to improve internal administration.

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Of particular concern to the government is the immediate need for establishing a new judicial arm of government headed by the Supreme Court and to develop a court system so that its services are more readily available to the people throughout Viet-Nam. Concurrently the government is seeking to extend legal knowledge and services to the people through printing in volume simple monographs on phases of law, and conducting training programs at the village level.

The Ministry of Finance is seeking to modernize the customs, treasury, and tax services. Significant progress has been made in these areas as is indicated by the continuing increase in revenue collections over and above that which might be expected as the result only of improved economic conditions.

7. Urban Development

A program is being developed to attack the more urgent of the problems of urban growth, particularly in Saigon where inadequate sewage and garbage disposal are increasingly alarming health hazards and where lack of water, electricity, and transportation in the poorer areas is a threat to stability. Basic sources of water and power exist, but the distribution systems are inadequate and will have to be rapidly expanded.

The more expansive long-range physical aspects of urban development will be left until these crucial problems have been met. In the private

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sector, however, there is envisioned a vigorous program to establish private savings and credit institutions for the purpose of channeling middle-income savings into housing and industry. Emphasis will also be placed on the development of private social institutions serving urban areas and on the urban program of the Ministry of Social Welfare.

In addition, community self-help projects already successful in Saigon's District 8 will be extended on that pattern to additional Saigon districts and to other urban areas. The aim will be to extend to the urban areas the idea previously expressed for the rural areas of participation by the people in cooperation with the government in the development of their own communities.

8. Restructuring of the Government of Viet-Nam

To achieve the goals of rural development of the non-RD hamlets a system must be found, as previously mentioned, of decentralizing decision making and resources so that district and provincial chiefs can be quickly responsive to the desires of the people in the hamlets and villages. This means that resources must be funded to the provinces for work in non-RD hamlets in the same way they are presently funded by the Ministry for Revolutionary Development for RD hamlets. It also means that the Province Chief must have control over the allocation of these resources (perhaps limited by top figures for specified broad areas, such as education, health, agriculture, public works), control over the activities of

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technical personnel at the provincial level, and the power to coordinate all activities at the provincial level. Some centralized administrative authority at the Saigon level is necessary to accomplish these objectives in the countryside. This should be a priority matter to work out with the new government in a manner to achieve the mentioned objective.

In addition, all military forces (ARVN, RF, PF) targeted on pacification should be under the Province Chief, and the Division Commanders should not have operational control over these forces. The Division Commander would retain responsibility for training ARVN battalions assigned to pacification, and in assuring their operational effectiveness. He would also be empowered to exchange his divisional battalions with pacification battalions to achieve rotation in duty, but not to remove pacification battalions without simultaneous replacement.

A conversation about the middle of August by Ambassador Bunker, General Westmoreland and Ambassador Komer with Generals Ky, Vien and Thang indicates that the leaders of the GVN agree in principle with many of these recommendations.

9. Corruption

Corruption in the GVN has been a matter of increasing concern to the Mission for some time. In order to develop ways to cope with the problem an inter-agency corruption committee was established early in 1967.

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The level of corruption in Viet-Nam has reached a point that it seriously interferes with the war effort. Ways must be found to assist the GVN in reducing it as well as to look for ways in which unilateral U.S. actions may affect opportunities for corruption.

Certain such actions could have the equally important effect of increasing U.S. leverage toward insuring that resources are used properly. For example, a "Signoff" system at Provincial level on RD budget expenditures wherein funds from the RD budget could be released only by the "joint" signature of the Province Chief and the U.S. Provincial Representative would insure that the U.S. representation was kept closely informed of the exact status of progress and provide close coordination between U.S. Advisors and GVN officials. Also, GVN Provincial authorities would be "kept honest" should they be disposed to direct funds or commodities in the wrong direction. (This procedure was in effect in 1963 and 1964 and had many advantages.)

The first essential to reducing corruption is substantially higher salaries for senior GVN officials and ARVN officers and selected categories of the GVN. Corruption cannot be reduced to manageable proportions when officials are unable to live on their salaries. This matter is presently under study.

Some opportunities for corruption are importation of gold and narcotics; sale of licenses, security clearances, governmental positions,

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etc.; collections of illegal "taxes" for the benefit of the collector, such as on bars and other business establishments and by police from vehicles at checkpoints; forcing of people to perform services for officials without compensation.

Although petty corruption is the most visible to the people, this of course cannot be substantially reduced without an attack on high-level corruption; for corrupt low-level officials are protected by corrupt high-level officials. The election of a new government provides the opportunity for a real effort to reduce corruption.

CHAPTER V
ECONOMICS

1. Background

The economic outlook in mid-1967 is reasonably favorable. A degree of stability has been re-established, and the economy today is in a far healthier position than it was a year ago. A tight grip has been placed on the piaster spending by Free World military forces and more effective control established over GVN spending. The ready availability of large supplies of most imported goods is a guarantee that the prices of those goods will not rise. The Port of Saigon, now unplugged and operating effectively, guarantees that any short supply could be quickly remedied. Finally, several measures have been taken to improve GVN tax collection, and tax collection performance is slowly improving.

We are not yet in a position to guarantee stability. There is little margin, little slack. The Vietnamese economy is relatively stable, but the demand for resources exceeds the readily available supply and the pressure on the economy remains high. There will undoubtedly be further inflation this year, particularly for domestic products. Additional war-related spending will keep the pressure on. But though inflation hasn't been stopped, it is no longer out of control.

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Other economic developments are also encouraging. For the first time, there are clear signs of spreading prosperity in the countryside. When war-related spending began here on a large scale in 1965, a limited class of merchants in Saigon were the first to benefit through the increased provision of imported goods. The prosperity then spread through most of the urban classes. Workers in Saigon have wristwatches, motorbikes and, to a surprising extent, TV sets. They eat far better now than a few years ago: meat, vegetables and fruits.

This prosperity has definitely begun to move out into the countryside, both into the major towns and into rural areas. The increased rice price is one factor. Another is the increased urban consumption of domestic foodstuffs. A third is the increased availability of wage earning jobs in provincial and district towns. Finally, many country boys with city jobs are sending earnings back to their families.

The rural economy appears to be responding quickly to improved incentives, to the re-opening of normal routes to and from markets, and to the restoration of a medium of order and stability. This favorable response is coming from individuals, families and private firms and owes more to the energy and initiative of the Vietnamese character than to any governmental assistance.

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2. Economic Objectives for FY 1968

We are now in a position to set realizable objectives beyond the one goal, stability, that has absorbed so much of our attention during the last two years. There will be a narrow, but real margin for allocation of resources to these new objectives. The present memorandum considers four such objectives as having first priority. They are as follows:

- (a) To raise agricultural production.
- (b) To limit the growth of urban consumption.
- (c) To improve the economic position of the Government of Viet-Nam.
- (d) To make a modest start on expansion of the industrial and commercial sector.

The first of these needs little explanation. South Viet-Nam's food production is grossly inadequate for the sustenance of its population. With respect to rice, the most important product, this has meant a steadily increasing import requirement; last year about 450,000 tons, this year around 850,000 tons. The trend must be halted or the Vietnamese requirement will soon be difficult to meet in a tightening world rice market. For perishable foods, particularly meat, fish, vegetables and fruits, the shortfall in production is even more serious.

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Since these products cannot be readily imported, any deficit in domestic production leads to price increases.

During the first seven months of 1967, food prices have risen 39 percent, while non-food prices have risen only 15 percent. Therefore, it is essential that we devote a great deal of attention to the problem of raising agricultural output, and programs must be developed which lead to substantial results within a year.

The second objective above, to limit the growth of urban consumption, stems from a belief that the events of the last two years are leading to serious distortions. Urban incomes have gotten out of line with rural incomes; urban consumers have not been encouraged to save and have splurged on imported luxuries; a pattern of consumption is emerging which Viet-Nam would find extremely difficult to support under peacetime conditions. The pattern would be one which would not produce the capital needed for post-war development and which would exceed the country's probable foreign exchange earning power.

The third objective, to improve the economic position of the GVN, refers both to the inadequacies in the GVN tax structure and to the need for reform and revitalization of the GVN civil service.

The GVN's gross revenues are inadequate, and they are narrowly and insecurely based, depending too much on imports and on a short

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list of indirect taxes, and also too much on Saigon, with little coming in from the provinces.

The deficiencies in performance of the civil service are too well known to need elaboration here. The problem is a compound of bad organization, bad training and low pay. The process of improvement will be slow; a start should be made.

Finally, we include as an objective of high priority, a modest and very selective program for industrial and commercial development. While it could be argued that such a program is not required in the present situation, on economic grounds, important political considerations and some economic ones militate in favor of at least a few selected large industrial projects and a clear policy of encouragement to smaller industry. From the political point of view, it is necessary and right that we meet the Vietnamese desire for a type of development which will strengthen and confirm their independence of the United States. From the economic point of view, the industrial and commercial sector has much to contribute to our objective of increasing agricultural production. Also, it is important that we begin now to establish the long lead-time industries such as fertilizer and cement which will be keystones in post-war developments, in order not to retard that development when peace comes.

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Our four objectives have in common that they are all dual in intent: to help with the immediate war and pacification effort and at the same time to prepare the way for a sound, viable, independent post-war economy.

Stabilization of the economy is not listed here as an objective. Rather, it is a constraint on our efforts. The four objectives can be pursued only to the extent that we are able to allocate resources to them without an intolerable rate of price inflation, perhaps 30 to 40 percent per year.

3. Policy Tools

There are a large number of policy tools at the disposal of the GVN and ourselves for use in attacking the objectives outlined above. We will note here a few of them very briefly.

First, import policy. We should, as a general principle for stabilization purposes, seek to maximize the aggregate piaster cost of total imports sold, that is to the extent practical, find the highest yielding combination of exchange rate, perequation tax, customs duty and austerity tax for each of a wide variety of imported goods. This maximizing principle can be modified to meet particular objectives: we wish to cut down on luxury consumption and may prefer to raise certain duties above maximizing level. Duties on imports that

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compete with efficient domestic production should be raised. Duties on raw materials and equipment for desirable domestic industries should be reduced.

The import tax structure should be simplified and consolidated, and our efforts to improve collections reinforced. It may be desirable to have the National Bank collect part or all of the import duties in order to improve the timing of collection and its efficiency.

Our policy with respect to exchange rates is currently under review. It is clear that the present 80 to 1 special rate is unacceptable to us over any long period, and that other means of insuring adequate GVN foreign exchange earnings are preferable from the U.S. balance of payments point of view. A continued commercial import program of moderate size is envisaged.

Second, monetary policy. The desirability of limiting urban consumption, increasing savings, providing capital for industry and commerce and holding money supply increase to a minimum all argue for a higher structure of interest rates. The present ceilings on rates for both loans and deposits should be lifted by steps, to provide better incentives for savers to utilize the normal banking institutions and begin mobilizing these savings for productive purposes. It may also be desirable, in order to place the GVN's fiscal policies on a sounder

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base, to discontinue direct Treasury borrowing from the National Bank in favor of the marketing of GVN securities in the open market, in a number of maturities, and at interest rates consonant with market conditions. Such a transition would have to be made in stages.

Third, tax policy. Our efforts are spread over three overlapping fronts: improvement of tax administration, rationalization of tax rates and laws and enlargement of revenues. In administration, the major problems are lack of personnel, equipment and efficient procedures. Progress is necessarily slow. One immediate suggestion in the elimination of certain low yield or duplicating taxes (e. g., those on matches and ice) to relieve part of the burden of the Directorate of Taxation. Rate changes which seem appropriate include shift from per unit to ad valorem on many items. We would like to see major changes in paddy and land taxes. Power of taxation for these should probably be transferred to the provinces in order to make them more self-sufficient and responsible. The whole body of tax law should be simplified, updated, and enforcement of penalties should be more strict.

Revenues can be improved primarily by improved administration, and we see only small room for introduction of new taxes. Certain rates, such as that on POL, could be raised for significant results.

Fourth, agricultural policy. Price policy is the most basic. The terms of trade have to be altered in favor of producers. This can be

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done either by raising prices of products or lowering the prices of inputs. In practice, we have been doing both. Our freedom of action to continue is not great. Infrastructure investment is another basic tool. We need to continue to improve the rural economy's equipment in terms of water control, roads and canals, etc. Some of this work can only be undertaken at a late stage of the pacification effort, but much is possible now.

We need to tear down administrative barriers to the free movement of goods in Viet-Nam. The war has brought an accretion of taxes on intra-provincial trade, regulations on the movement of particular commodities, and checkpoints for resource control which are often used for petty shakedown. We must find ways and means of hacking back this tangled growth.

The Ministry of Agriculture is inadequate to the tasks imposed. We must investigate alternatives for strengthening it or going around it.

In this summation, we have left out of consideration many of the other tools of policy that can be brought to bear on our objectives. The task before us is the formidable one of selecting the most appropriate combination from among the many tools. The choice will be partly dictated by the political situation which results from the forthcoming elections and by the tightness of the inflationary constraint, but there is much room for exercise of our ingenuity and imagination.

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CHAPTER VI
PROGRESS TOWARD DEMOCRACY

South Viet-Nam needs a government which can prosecute the war effectively; negotiate for peace from a position of political strength; and in the post war period, compete effectively with North Viet-Nam in the economic and political fields. This means a government which has the positive support of the major Vietnamese power groups and which is acceptable to a majority of the population. Such a government must be politically stable but not politically stagnant.

We have concluded that the best hope for establishing such a government lies in the fostering of democratic institutions while not losing sight of the political realities of the situation. The political realities include the fact that Viet-Nam is a nation at war, divided, underdeveloped, and with a long authoritarian tradition. It is also a nation beset by major social dislocations and widespread corruption. Another political reality is the fact that the military are deeply and for the time being inevitably involved in the politics and the administration of the country. This is not only because the military have force at their disposal. More importantly it is because the military is also the only truly national organization in the country and because the army has by far the largest pool of administrative skills and experience to be found in Viet-Nam.

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With these facts in mind, we have pressed for the writing of an acceptable Constitution and the holding of free and fair elections under it. We have sought to impress the military leadership with the fact that they, if elected, must find ways to permit and encourage meaningful civilian participation in the new government. We have made it clear that this means they cannot perpetuate the present system of government by a modified junta. At the same time we have sought a fuller understanding on the part of civilian leaders of the need to make use of military skills while avoiding the dangers which would arise if the military were brusquely excluded from participation in governmental processes. In short we have tried to encourage the formation of a military-civilian partnership under a Constitutional frame. Such a system could meet the immediate political needs and realities of the Viet-Nam situation while providing room for further progress and development as the nation moves toward a peacetime situation, including the growth of true political parties.

In working toward a military-civilian partnership under a Constitution we must still preserve at all costs the present basis for political stability. This is military unity. If the military is divided or frustrated, there is little hope of continuing political progress toward democratic institutions.

To date we have made some measurable progress in the effort to establish a military-civilian partnership operating under democratic

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institutions. The election of last September was perhaps the most democratic experience the Vietnamese people have ever had. It was also a very important political defeat for the Vietnamese communists who tried to "smash" the elections. The effort to move toward democratic institutions proved to be an effective political offensive against the Viet Cong.

The September election was followed by the successful writing of a Constitution which can provide an acceptable legal base for the new regime. The writing of the Constitution and its acceptance by the military was not easy. It provided the military leadership and the civilian politicians with some very useful experience in working together. Both now know that they can compromise with one another and move together toward joint objectives.

At the same time that the Constitution was being drafted, elections were held throughout the nation for village councils and hamlet chiefs. The basic institutions of local government were thus strengthened and the foundation laid for democracy and responsibility at the rice roots. Again the communists tried to obstruct the government's political offensive and again they failed.

Now we are in an election campaign which will end with the election of a President and a Senate. In October the new legislative branch will be completed by the election of a Lower House. Thus the momentum of the political offensive is being maintained.

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In the present phase our immediate objectives are (a) to see that the oncoming national elections are fair and free, and known to be so; (b) to see that the newly elected government is as broadly based as possible, and incorporates as many of the political factions of the country as feasible; (c) to see that qualified civilian and military leaders are represented in the new government, and that it has the support of the military; and (d) to see that the new government is permitted to function and that coups are averted.

The belief that free and fair elections have been held is at least as important as the fact. For this reason we have urged the GVN to invite foreign observers and to take other measures to demonstrate at home and abroad that they have nothing to conceal. One important move in this direction was the lifting of press censorship. Although the UN will not send observers, some friendly countries will probably do so, and there is also the possibility of some foreign parliamentary delegations. Regardless of the number of observers actually sent, the action of the GVN in seeking observers is an important evidence of their desire for free elections and willingness that the world observe the elections to testify to their fairness. There is of course a very large foreign press corps on hand to observe and report the elections.

If the Thieu-Ky slate is elected, we will need to continue our efforts to insure the fullest possible civilian participation in their government. This will mean a civilian Prime Minister with broad backing. Hopefully,

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a number of the defeated candidates can be persuaded to back the new government and, where qualified to accept posts in the new government.

We will have to do what we can to help Thieu and Ky find an effective working relationship with one another under the new conditions imposed by the Constitution and increased civilian participation. We will also need to keep a close eye on the crucial relationship between the new executive and the new legislature. The legislature will be largely civilian, and if Thieu-Ky are elected there will be some danger of a military-civilian split between the two branches of government. This must be avoided and a constructive partnership fostered.

If a civilian is elected, we will want to press for measures which will fold the military into the government in a way that minimizes the temptation to make coups. This would include naming important military leaders to certain key cabinet posts, including the post of Prime Minister.

Throughout this election period and even more under the new government we will need also to do what we can to focus the attention of military and civilian leaders on the need for combatting and eventually eliminating the excessive corruption that now exists. As corruption is evidently going to be a major issue in the campaign, it will probably not be difficult to get public commitments in general terms. The real problem lies in framing and implementing concrete measures for fighting corruption. No candidate has yet come to grips with the problem in terms of specific plans for

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action. We are urging them to do so, and we are studying ourselves some possible measures which could be used to reduce if not eliminate this problem.

While the Vietnamese are in the process of electing and forming a new government under the Constitution, they must also get on with the business of fighting the war. Many other normal requirements for government actions and decisions in all fields must be met in the transition period. The legal aspects of this problem are adequately provided for in the new Constitution, which makes it clear where authority is vested during the transition. In practice, however, neither the Directorate nor the present Assembly is likely to be very effective in carrying out government business in the next few months. All concerned are preoccupied with the election campaigns, and they would also probably be most reluctant during this period to take any actions which would be politically unpopular. Thus it would be very difficult to get public government action on such things as sharp tax increases or full mobilization. Essential war-related business and emergency actions can and probably will be taken, however, and we anticipate that the government will continue to function at a low but adequate level during the transition period.

As we look beyond the elections of September 3 (and the National Assembly Lower House elections of October 22) we need to bear in mind that the nature of our relationship with the Government of Viet-Nam will

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undergo some change. Where now we work with a government which rules by decree, later on we will be working with a government with constitutionally defined powers, responsible, in part, to an elected, two-chamber parliament. We hope this parliament will contain some of the best elements in Vietnamese political life. Candidates elected following the current campaign are not likely, however, to abandon the practice of criticizing the government and closely examining its policies and programs. When major legislation, in which we will have an interest (for example, dealing with corruption, increased taxes, mobilization of manpower for civilian and military purposes) comes before the Vietnamese Assembly, it will not have clear sailing. The Assembly is likely to contain a number, perhaps a significant number, of Vietnamese nationalists who welcome and deeply value continued American support but who also feel that major decisions affecting their interests can only be taken with their participation. We will want to work with them. We will have to work with them. In no other way can the people, through their elected representatives, participate in the processes of a government with the broad base of support needed to carry the war to a successful conclusion. This process will undoubtedly mean some delays and inefficiencies, but these must be weighed against the value of having a representative and responsible Vietnamese Government to formulate and carry out its policies.

CHAPTER VII

VIETNAMESE MANPOWER APPRAISAL

One of the many constraints on capacity to meet the manpower requirements of the various programs outlined in this study is the availability of skilled Vietnamese manpower. Leadership and managerial capability are included in this category. While the availability of unskilled personnel will also pose a problem, it may be possible to substitute various types of labor from currently untapped sources, as well as to make some minor capital and technical improvements to fulfill our requirement in this area. Thus, the primary task is one of allocating skilled manpower resources.

Although a full review of Vietnamese manpower resources and the manner in which they may be used is currently in progress, data now available are too preliminary to do more than indicate certain critical areas which must be studied and certain short-term policy recommendations.

A preliminary analysis of manpower information assembled to date is contained in the "Preliminary Report on Manpower Mobilization" contained in the "Supportive Document" volume of this study.

Military Requirements

The military requirements outlined in Chapter II are priority requirements which must be met. It is not possible to meet these requirements under current laws and procedures in either FY-68 or FY-69.

Accordingly, it will be essential to lower the draft age, extend tours of duty, review exemptions and draft procedures, or implement a combination of these three. Because of the serious shortfalls in projected RF recruitment, it will be necessary to extend the draft to at least that category of personnel. The impact which such a measure would have upon volunteers for PF would largely determine whether or not it is also necessary to extend the draft to that category. This condition is largely due to the fact that the majority of the increases in strength projected for FY-68 and 69 are for expansion in RF and PF.

The necessary forces cannot be raised through reviewing exemptions and draft procedures, or through calling up the reserves because of time and administrative limitations as well as numbers.

The method which will raise the most men with the least effect on the civilian economy is lowering the draft age. By lowering the age to 19 the GVN can raise sufficient men to fill 1968 requirements, and by further lowering the age to 18 it can fill 1969 requirements as well. No significant numbers of skilled workers are in the 18 or 19 year old groups. Accordingly, we shall recommend to the GVN that the draft age be immediately lowered to 19. At some future time the draft age will have to be further lowered to 18. We should consider lowering the draft age to 18 now, even though not immediately necessary, as it may possibly be easier politically to make the entire change at one time, rather in steps. In this regard

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we will point out to the GVN that the US draft age is 18. Furthermore, it is highly desirable that the younger men be drafted first rather than drawn upon to fulfill a residual after older men have been drafted.

If the draft age is lowered to 19, the GVN need not extend tours of duty for the sole purpose of obtaining sufficient total manpower. But extension of tours--at least on a selective basis--is necessary to preserve leadership. The ARVN is presently short about 40 percent of officers in the grade of captain and above, even though the total officer strength is approximately 98 percent of that authorized. Similar conditions exist in the non-commissioned officer ranks. Although extension of tours will deprive the civilian economy of many trained men, it is believed that leadership in the Armed Forces is the most critical need at this time. Accordingly, we believe that terms of service must be extended for one year, at least as to some men. Whether this extension should be for all men, or only for officers and non-commissioned officers, or only for certain grades of officers and non-commissioned officers, and whether it should apply to all forces or to the regular forces alone, are matters the GVN should consider. Such consideration should focus on raising leadership, not manpower; but political and morale considerations will have to be weighed in determining the extent to which extension can be made selectively.

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The following additional areas concerning military manpower and draft policy will receive continuing priority attention:

1. Desertions. Even though the rate of desertions has been materially reduced in the past year, at present desertion rates 30 percent of the new manpower input for RVNAF in FY-68 and FY-69 will be to replace vacancies created by desertions. (135,888 out of 452,400.) This causes a serious drain on the manpower available without any corresponding benefit to the civilian labor force. A deserter is a fugitive. He is not eligible for employment in any of the priority civilian and paramilitary areas which have been indicated in preceding chapters. He has no papers; thus he can perform only tasks which are not subject to notice. (The percentage of desertions by men of Chinese descent are far greater than desertions by Vietnamese.)

2. Present areas of draft exemption. The most significant of these is students. While exemption of serious students, at least in selective fields, is essential to the building of leadership potential and technical capability for government service and the civilian economy, many are registered as "students" who do not attend classes or take examinations. In Viet-Nam, as in many countries, the universities do not require students to attend classes; it is only necessary to pass examinations; and it is reported that a student can register for a small fee, and be classed as a student for up to two years without taking an examination.

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3. Presently non-exempt areas that should be draft exempt.

Paramilitary and Civilian Requirements

Paramilitary forces consist of the National Police, RD teams, Static Census Grievance Workers, Civilian Irregular Defense Groups and Provincial Reconnaissance Units. . All such personnel are volunteers and are exempt from conscription while performing their paramilitary duties. All are of vital importance to the Pacification effort. As stated in Chapter III, substantial increases in these personnel are required. We do not know whether the requirements can be met under present practices. If recruitment lags, attention must be given to higher salaries or benefits, and to possible recruitment from the Armed Forces.

There are many areas of critical shortage of skilled personnel in the civilian economy. For example there are about 1,125 medical doctors in Viet-Nam of which 828 or about 75 percent are in the military service, leaving only about one doctor per 48,000 people in the civilian sector; a far lower percentage than in Central America, India, Burma, or even Cambodia. There is a shortage of teachers, nurses, trained civil servants, mechanical artisans, trained interrogators, interpreters and others.

The manpower study presently underway will seek to evaluate requirements and supply in the various areas of civilian activity. Data has been compiled on numbers of men in industrial and commercial occupations and is presently being collated and placed on IBM cards for

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analysis. All members of the Vietnamese Armed Forces are being carded in IBM so that it will be possible to locate men of particular skills and from particular areas in the Armed Forces. A Manpower Information Staff has been established in the Embassy to keep up to date manpower information. But it will take three to six months to complete the manpower study.

As a result of the manpower study we should be able to pinpoint the areas of manpower shortage in pacification and critical civilian activities. We should devise methods of (a) channeling recently discharged veterans into these activities; (b) training more people for these activities; and (c) using in these activities more Hoi Chanh, refugees and others presently under-employed. The use of Hoi Chanh and refugees requires a review of the need of MSS security clearances and the manner in which they are granted (as the need for clearance is currently a major limitation on the use of Hoi Chanh and refugees) and a review of present refugee recruitment practices including consideration of labor force needs in the location of refugee centers.

Certain pacification and essential civilian jobs will require draft deferments and may require even the release of men from the Armed Forces to meet the requirements. Draft policy with respect to age and term of service should be designed to produce a surplus, so that key personnel for civilian activities can be released from the Armed Forces without reducing

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their manpower below required levels.

Other measures to be considered in providing manpower for key civilian jobs should be service in uniform in normally civilian areas and further substitution of Free World personnel.

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